Commercial Banking Management

2009 October

Commerce Banking and Finance

MCom Part 1

University of Mumbai

MCOM - PART - I
Banking and Finance : paper - I . 26th OCT 2009
Commercial Banking Management

Con. 4010–09.

LG–2012

(3 Hours) [Total Marks : 100

N.B. : (1) Attempt any two questions from each section.
(2) All questions carry equal marks.
(3) Answers to both sections to be written in the same answer-book.

Section I

1. Explain in detailed the growth and development of commercial banking with special reference to rural banking.

2. What good qualities one should have to become a successful bank manager ? State and explain the different functions of bank management.

3. What is performance budgeting ? Explain the components and steps in the process of performance budgeting.

4. Explain the role of RBI in regulating commercial banks in India.

Section II

5. What is market segmentation ? State and explain the benefits of it. What are the bases of market segmentation in commerical banking ?

6. Explain the procedure followed by the indian public sector banks for the recruitment and training of bank employees.

7. What is non-performing assets ? Explain how can they affect the smooth functioning of commercial banks and how they can be dealt effectively ?

8. Bring out your arguments in favour and against the margers and acquisitions of banks.

Banking and Finance paper II 25th oct 2009
Financial Services

Con. 4013–09.

LG-2000

(3 Hours)

[Total Marks : 100

N.B. : (1) Attempt any two questions from each section.
(2) All questions carry equal marks. (25 each)
(3) Answers to both sections should be written in the same answer-book.

Section I

1. Describe the nature and characteristics of the Indian Financial services sector. Project its potential for future growth and development.

2. What are the advantages of obtaining equipments on lease ? Examine the main criticims against lease financing.

3. State and explain the various steps to be carried out by an Merchant Banker while promoting a new public issue.

4. State the various regulatory measures imposed by SEBI to regulate securities market.

Section II

5. Define Portfolio Management. Explain in detailed the objectives and functions of portfolio management.

6. Enumerate the main types of factoring services. What are the advantages and limitations of factoring.

7. Define and explain the portfolio classification of Mutual Funds.

8. Write short notes on any two of the following :–
   (a) Money Market Instruments
   (b) Securitisation of Debt
   (c) Forfeiting Procedure.

Further : (a) Plant and Machinery to be installed in April, 2009 at a cost of Rs. 50,000 will be paid by monthly instalments of Rs. 10,000 as from 1st may, 2009. Extensions to the Research and Development Department at a cost of Rs. 10,000 will be completed on 1st January, 2009 payment to be made on 1st February, 2009.

(b) A sales commission of 10% on sales is to be paid within the month following actual credit sales.

(c) Cash sales of Rs. 5,000 per month are expected; no commission is payable on them.

(d) The company has a hire purchase agreement under which Rs. 5,000 a month is being paid for plant purchased before this budget period. The said payment will continue throughout this budget period.

(e) Preference share dividends of 8% on capital of Rs. 2 million are to be paid on 1st April, 2009.

(f) Tax of Rs. 1,00,000 is due on 1st April, 2009.

(g) Dividends from investments, amounting to Rs. 70,000 are expected on 1st May, 2009

(h) Three calls of Re. 0·25 each on 2,00,000 ordinary shares are due on 1st January 09, 1st March 09 and 1st June 09.

Prepare cash Budget for 6 months from January '09 to June '09.

6. From the following information of a newly commenced manufacturing unit of Royal Industries Ltd., for first quarter ending March 31, 2009, prepare relevant ledger accounts, assuming that cost and financial accounts are integrated :

	Rs.
Purchases of raw materials on credit	3,00,000
Wages paid	2,00,000
Indirect wages included in the wages paid	20,000
Direct materials issued to production	2,40,000
Direct materials issued to special job	30,000
Factory expenses incurred	1,30,000
Factory expenses charged production	1,30,000
Factory expenses charged to special job	25,000
Office and administrative expenses incurred	75,000
Office and administrative expenses charged to production	70,000
Office and administrative expenses charged to special job	5,000
Selling and distribution overheads incurred	60,000
Selling and distribution overheads charged to sales	55,000
Credit sales during the period (including sale of special job)	8,00,000
Receipts from debtors	7,00,000
Paid to creditors	2,50,000
Finished product at cost	6,50,000
Closing stock of finished product	50,000
Interest paid	30,000

Assume that the special job is charged at a profit of 1/3rd of it sale-value and that over and under-absorption of overheads are straight-way carried to the Profit and Loss account. Also, determine the profit earned during the period.

7. (a) Find out the Sales Volume Variance, Sales Price Variance and Sales Value Variance from the following details of A and Co. :

	Standard	Actual
Units	40,000	35,000
Sale Price	20	21

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(b) A transport company maintains a fleet of Lorries for carrying goods from Delhi to Panipat, 100 kms off. Each lorry, which operates 25 days on an average n a month, starts every day from Delhi with a load of 4 tonnes and returns from Panipat with a load of 2 tonnes. Calculate the total commerial tonne-kms and cost per commercial tonne-km when the total monthly charges for a lorry are Rs. 27,000. What rate per tonne should the company charge if it plans to earn a gross profit of 20% on the freight ?

8. (a) D. Ltd. manufactures two different products Sulpha and Asulpha from the same raw material which is in short supply viz. available only to the extent of 4,000 kgs. The following relevant data is available to you :

Particulars	Sulpha	Asulpha
Production (units)	2,000	3,000
Selling price per unit (Rs.)	5	7
Marginal cost per unit (Rs.)	3	5
Raw material (kgs) per unit	2	1

You are required to determine how the Company should arrange its production.

(b) For a contract of Rs. 7,50,000, materials consumed and wages incurred were agreed to be estimated at Rs. 2,50,000 and Rs. 1,50,000 respectively and other costs were estimated at Rs. 1,00,000 at the time of signing the contract. The contract had an escalation clause reading "in the event of prices of materials and wages increasing by more than 10%, the Contract price will be increased by 50% of the rise in prices of materials and wages beyond 10%". It was found that by the time of execution and completion of the contract, the Materials consumed for the contract were Rs. 4,00,000 and wages incurred for the contract were Rs. 2,50,000. Calculate the revised contract price given that other costs of the contract were as per estimate.

9. Write short notes on (any **four**) :—

(a) Advantages of Cost Audit
(b) Underrecovery and overrecovery of overheads
(c) Methods of preparing flexible Budget
(d) Cost Plus Contracts
(e) Importance of Variance Analysis
(f) Qualifications of Cost Auditor.